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USSR WEEKLY REVIEW

1 December 1977

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The Current Soviet Assessment of CSCE

The Soviets appear to be relatively comfortable with the course the Belgrade conference has followed in its first seven weeks. They have, of course, been discomfited by criticism of their failure to implement the human rights commitments they made at Helsinki, but there is no sign that they feel the level of criticism at Belgrade has reached unendurable levels.

A *Pravda* article on 17 November, for example, took note of the "unconstructive attitude of certain individual Western states" on Basket III matters, but devoted the bulk of its attention to a discussion of the progress made in other areas. It asserted that the military security proposals of the Soviet Union had become the "focus of attention" and that discussions on subjects covered by Basket II were "developing constructively."

Early Apprehension

Moscow's present equanimity is in contrast to its apprehensive mood at the beginning of this year. The emergence of a new wave of dissident activity in the USSR and some East European countries during the winter and spring of 1977 coincided with the inauguration of a new US administration publicly committed to the expansion of civil and political liberties abroad. Aware that the Final Act of the Helsinki meeting had served as a catalyst and rallying point for bloc dissidents, the Soviets were afraid that the US and other Western governments would seek to use the Belgrade meeting as a weapon against the USSR.

The worst fears of the Soviet leaders have not materialized. While the US and some other Western delegations have directly criticized the Soviet failure to implement the human rights provisions of the Final Act, their criticism has not breached limits acceptable to the USSR. Moreover, by moving energetically with a combination of arrests, threats, and forced exile, the Soviets have succeeded in discouraging overt dissident activity, and this has increased their willingness to tolerate criticism at Belgrade.

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Tactics

The best evidence of Moscow's relative satisfaction with the state of play at Belgrade is the failure of the Soviet delegation to depart from its game plan. Moscow's strategy from the beginning has been to emphasize the "positive" and to play down the "negative." In practical terms, this has meant a sustained effort to turn the attention of the conference to consideration of the military security measures and areas of economic, scientific, and cultural cooperation--which Moscow regards as either beneficial to its interests or at least innocuous--and away from the human rights issues which it sees as pernicious.

The push toward the "positive" was incorporated in the action program of military security measures spelled out by Brezhnev on 21 October and formally submitted to the Belgrade conference on 24 October, and also in the submission two days later of Brezhnev's earlier proposals for international conferences on problems of energy, the environment, and transportation in Europe. Soviet claims that the submission of these new proposals places the conference in a "new stage" are intended to divert the conference away from the consideration of "negative," that is, human rights issues.

The Soviets undoubtedly are frustrated by the refusal of the US delegation to forswear further references to Soviet violations of the human rights provisions of the Final Act, but there is no sign that they intend to depart from past practices and respond to such criticism. As before, the Soviets will attempt to use every opportunity to isolate the US delegation from the other, allegedly more "constructive," Western delegations. They have publicly praised some West European delegations--particularly the West Germans and French--for their "realistic" approach to Belgrade, while condemning the "cold war" attitudes that allegedly prevail in the American delegation.

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CSCE in the Perspective of Soviet Foreign Policy

At the same time, the evidence suggests that Moscow is eager to insulate the overall structure of East-West relations, and particularly of US-Soviet relations, from any war of words at Belgrade. The Soviets in public and private have generally avoided charging the Carter administration with responsibility for the allegedly "provocative" stance of the US delegation. Instead, they have preferred to attribute responsibility to "certain American delegates" or Ambassador Goldberg personally. They are likely to continue to take this line.

Moscow has made no effort to establish any linkage between CSCE and other East-West issues. There has been no repetition, for example, of the escalation of tension in Berlin which accompanied the period of strain in Soviet-US relations earlier this year. In fact, there is some evidence that the Soviets see a reverse linkage between CSCE and other elements of the East-West relationship. Foreign Minister Gromyko reportedly told a meeting of Warsaw Pact foreign ministers in May that he expected that the atmosphere in Belgrade would depend to a degree on developments in other areas, such as SALT and the Middle East. At the very least, Moscow does not seem disposed to make progress in such areas dependent on US conduct in Belgrade.

Soviet Objectives

We expect the Soviets to oppose strenuously any expansion of their obligations under Basket III or Principle VII on the grounds that this would constitute an

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unacceptable modification of the Final Act and an intolerable intrusion into their internal affairs. Moscow's interest in reducing its exposure on human rights issues presumably is a prime motive behind its suggestion that Soviet military security proposals could be discussed in another forum. The Soviets undoubtedly would be pleased to see CSCE consigned to limbo and diplomatic attention turned to other and more narrowly focused diplomatic forums.

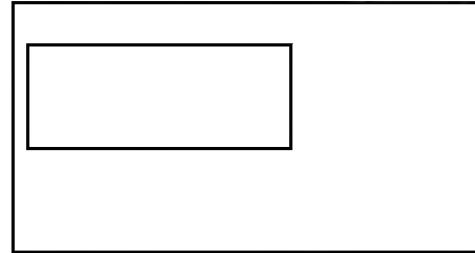
At a minimum, the Soviets want to preserve the relatively good atmosphere that now exists in East-West relations without creating conditions that might encourage dissidence in Eastern Europe. They may even be willing to make some minor modifications in their internal practices to promote these goals. The significant increase in Jewish emigration which has occurred since July, for example, may be in part directed at improving the Soviet image at Belgrade.

Moscow's perception of its security needs, however, will limit its willingness to make concessions to foreign critics. The Soviet reluctance to make apparent concessions in the case of Anatoly Shcharansky, a Soviet dissident who faces possible treason charges, suggests that the Soviet leaders may believe that real security interests are involved.

In a broader sense, the Soviet ability to show any measure of flexibility at Belgrade is dependent on their perception of their security requirements elsewhere. If there should be a marked increase of unrest in the USSR or Eastern Europe--Poland is the most obvious danger point--Moscow's willingness to endure criticism at Belgrade would decline sharply, and might even disappear.

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The Role of the CPSU in Establishing a Missile Design Bureau

According to a recent Soviet publication, the Central Committee of the Soviet Communist Party (CPSU) created the Yangel missile design bureau (KB). This is the first direct evidence of Central Committee involvement in the establishment of a missile design bureau.

CPSU Central Committee actions usually reflect the decisions of either the Politburo or the Secretariat because it is not a standing body and only meets infrequently. The initiative for establishing the Yangel KB probably came from the Secretariat's Defense Industry Department.

There is extensive reporting that this department controls Soviet defense industry by managing the government's Military-Industrial Commission (VPK). Nine ministries primarily engaged in defense industry are subordinate to the VPK, and these ministries in turn direct the 10 general KBs that have overall responsibility for developing Soviet missiles and spacecraft.

The Central Committee cut across this hierarchy in the early 1950s to recruit M. K. Yangel directly to head his own design office in Dnepropetrovsk. His candidacy was shepherded through "all echelons" by the Central Committee, and other party and state organizations also took "a most active part in the creation of the rocket-space enterprise." The article on the Yangel KB emphasized that missile design bureaus play a key managerial role in bringing together the technologies necessary to develop weapons systems.

The qualities that made Yangel suitable to head the KB--his "charm and his ability to join together the forces of numerous organizations for the realization of design concepts"--were related more to managerial than technical competence. In recent years it has become

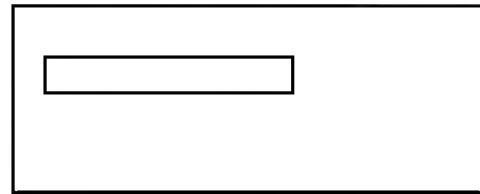
obvious that most major subassembly development work for a new missile is subcontracted to outside specialized subassembly developers and that the general KB functions primarily in an integrating and program managerial capacity.

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25X1X [redacted] heads of KBs are mainly responsible for managing resources and objectives and cultivating the political influence necessary to facilitate the tasks of the design bureau. Yangel's elevation to candidate membership in the Central Committee in 1966 is a measure of the political significance of the position of general designer. [redacted]

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Wage Increase in Soviet Service Sector

An 18-percent pay raise for workers in the service sector will be implemented in the Urals, Kazakhstan, Central Asia, and the Volga region in December, according to a recent TASS release. The increase, which will affect approximately nine million workers, is part of a plan to bring service earnings closer to the average wage of 151 rubles per month. Currently, monthly wages in services average 121 rubles.

When a similar raise was granted to service workers in the far north last December, widespread firings, demotions, and hiring freezes occurred because enterprise managers were ordered to pay the higher wages, but often were not provided with sufficient funds to cover the larger payroll. The withholding of funds--unprecedented during past wage hikes--appeared intentional on Moscow's part. As a result, many workers were fired or demoted for violations of labor law including absenteeism, tardiness, and drunkenness--conditions normally tolerated by managers. If funds are not provided for the current wage hike, additional employment cuts may follow. By ordering pay hikes for the service sector and at the same time withholding the necessary funds, the leadership may be trying to force managers to release redundant labor and adopt labor-saving techniques.

The combination of increased wages and decreased employment resembles the Shchokino experiment for raising labor productivity. In that experiment, introduced in 1967, one out of seven workers was dismissed, yet the total wage fund remained constant. During the initial phase of the experiment from 1967 to 1970, earnings of the retained workers increased by up to 30 percent and labor productivity more than doubled. Although the experiment was applied in a wide variety of economic fields, it was adopted extensively only in the chemical and petrochemical, pulp and paper, and microbiology industries. The relatively abundant supply of labor at that time was a basic reason for the limited spread of the system.

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In the 1980s, however, the leadership will be faced with a major labor shortage. It is likely that the few available increments to the labor force will be allocated to industry at the expense of services. Moreover, the quality of consumer services has been under increasing criticism in the press. Unable to improve services by raising employment, the government is no doubt looking for ways to boost labor productivity in the service sphere.

The latest pay raise in services is part of a December 1976 directive that called for the gradual inclusion of all regions by 1980, ultimately affecting 31 million workers. No detailed timetable has been issued.

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